



U. S. Department
of Transportation

**Federal Aviation
Administration**

Alaskan Region
Airports Division

222 W. 7th Avenue #14
Anchorage, Alaska
99513-7587

October 13, 1998

**ALASKAN REGION
AIRPORTS DIVISION NOTICE 99-01**

SUBJECTS IN THIS NOTICE:

ITEM 1: Reasonableness of Cost Determinations.

TO: AIRPORT SPONSORS

In order to transmit regional and national planning, programming, design, and construction guidance, as well as office information and requirements, the Alaskan Region Airports Division will be distributing regional notices from time to time. The notices will be numbered by the fiscal year and the actual number of the notice issued (thus Notice 99-01 is the first notice issued for fiscal year 1999, which began of October 1, 1998 and will end September 30, 1999). To the extent possible, notices will be electronically delivered. We recommend that copies of the notices be distributed as necessary within each office and referenced as necessary during the development of Airport Improvement Program (AIP) projects.

ITEM 1: Reasonableness of Cost Determinations. Professional services proposed for the design and construction of Airport Improvement Program (AIP) projects, such as planning, land acquisition, design, testing, surveying, and resident inspection are AIP-eligible if the services are considered necessary and reasonable. FAA project managers are responsible for making a reasonableness of cost determination for all costs included in a grant for Federal assistance.

FAA Advisory Circular 150/5100-14C "Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects provides guidance for selection of consultants as well as guidance under paragraph 2-12 for determining the reasonableness of consultant fees. Sponsor's with experienced staff may develop a scope of services and evaluate the cost of professional services. If the sponsor is not experienced, an independent firm may be retained to assist in preparing an estimated cost of professional services to be used in negotiations.

Upon completion of successful negotiations a record of negotiations and all attachments must be submitted to the FAA for a reasonableness of cost determination. FAA Advisory

Circular 150/5100-14C may be viewed or downloaded at
<http://www.faa.gov/arp/150acs.htm> .

Proposals to accomplish professional services with a sponsor's own personnel must also be approved by the FAA. Proposals must be submitted in writing to FAA and subjected to a review similar to that for consultant contracts to assure that the services are acceptable, timely, and financially prudent. Force account proposals should include as a minimum:

- a. Names and engineering qualifications of personnel performing the work and their capabilities for design, supervision, planning, inspection, testing, land appraisal etc., as applicable.
- b. Details of experience with airport projects of like or similar nature.
- c. Detailed scope of work.
- d. Information on workload as it may affect capacity to do the work within a require timeframe or work schedule.
- e. Justification for doing the work by force account rather than by contract.
- f. A complete cost breakdown showing (1) the number of work hours and cost per hour for each category of labor, (2) a list of nonsalary costs such as travel, materials, supplies, equipment, etc. A limit on the total cost should be specified in the proposal.

In order to properly evaluate force account requests, a "Detailed Scope of Services for Force Account Work" similar to that shown in Attachment A. and a "Summary of Force Account Costs" similar to that shown in Attachment B. must be submitted with each request for force account services. A detailed scope of services and summary of costs must be submitted for all future projects unless this office previously approved a force account request.

FAA project managers are required to provide a written response to each request for force account approval.

If you have any questions or comments please contact me at 271-5453 or FAA Project Managers: Jim Lebiedz at 271-3785, Pat Oien at 271-5445, or Jim Perham at 271-5460.

Sincerely,
Original Signed by
David S. Stelling
David S. Stelling
Manager, Safety and Standards Branch

Attachments A and B